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## RESEARCH AID

# SOVIET STATEMENTS ON FOREIGN TRADE 1918-55



CIA/RR RA-4

8 February 1956

## CENTRAL INTELLIGENCE AGENCY

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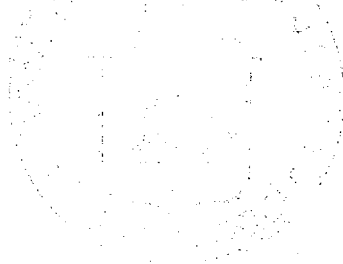
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RESEARCH AID

SOVIET STATEMENTS ON FOREIGN TRADE  
1918-55

CIA/RR RA-4  
(ORR Project 42.989)

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FOREWORD

The following research aid is not a comprehensive analysis of Soviet policy on foreign trade. It is rather a convenient vehicle for the presentation of major statements on foreign trade by Soviet leaders. Wherever possible, lengthy commentary has been deliberately curtailed in order to permit the men responsible for directing Soviet foreign economic relations to state their policy in their own words.

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SOVIET STATEMENTS ON FOREIGN TRADE\*  
1918-55

Summary

The development of Soviet foreign economic relations during the past three decades has apparently been governed by the following fundamental considerations:

1. Soviet policy on foreign trade is based on the Communist conviction that the fate of world capitalism has already been sealed by immutable economic laws.
2. In view of the impending collapse of capitalism, trade with the West is considered little more than a temporary but admittedly necessary expedient to hasten Soviet economic development.
3. The USSR is fearful of the economic encroachments of a crisis-ridden West and looks to the protective buffer of a monopoly on foreign trade for a defense against the "penetration of the corrupting influence of imperialist capital."
4. Trade relations with the West are governed by the long-term objective of economic self-sufficiency for the Soviet Bloc. Communist autarkic policy, however, implies not the absence of foreign trade during the interim period of "coexistence" but, on the contrary, its expansion -- within manageable proportions -- whenever it can contribute to the cause of socialist construction.

Since World War II, with the consolidation of Soviet military power, the rapid technological development of Soviet industry, and the creation of a self-contained Communist trading bloc, the foreign economic activity of the USSR has been increasingly political in purpose. Soviet foreign trade has been employed increasingly as an instrumentality for the political and economic domination of the Satellites, for the economic penetration of underdeveloped areas, for the creation of dissension in the West, and for the circumvention of Western export controls.

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\* The estimates and conclusions contained in this research aid represent the best judgment of ORR as of 3 January 1956.

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The ultimate attainment of economic self-sufficiency, hastened by foreign trade, has been and apparently continues to be the underlying economic policy of the Soviet government. When viewed within this framework, periodic "trade offensives" by the USSR cannot be considered a startling departure from traditional Soviet policy on foreign trade. The relatively recent exposure of foreign trade as an adjunct to Soviet foreign policy, however, does perhaps foreshadow a new Soviet appreciation of the importance of foreign trade in long-term political and economic planning.

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#### I. Introduction.

The intensity and vigor with which the USSR launched the much-heralded Moscow Economic Conference in 1952 and the subsequent Soviet propaganda offensive to convince the West that the USSR is sincerely interested in greatly increased East-West trade have inspired much comment concerning an alleged about-face in Soviet policy on international trade.

Notwithstanding these references to a "reversal" of Soviet policy on foreign trade, there is substantial evidence that fundamental Soviet policy has remained virtually unchanged since 1917. Though clouded by periodic tactical shifts of emphasis to meet given political or economic exigencies, basic Soviet attitudes toward foreign trade, as expressed by leading theoreticians from Lenin to Khrushchev, have seldom varied. It is the purpose of this research aid to present a summary of official Soviet policy on foreign trade as set forth in governmental pronouncements over a period of more than three decades.

#### II. Soviet Policy on Foreign Trade before World War II.

Soviet foreign trade has long been predicated upon the Communist contention that the internal contradictions inherent in world capitalism would inevitably lead to its own destruction. Before World

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War II, almost every major pronouncement on foreign policy called attention to the recurring economic crises in the non-Communist world as sounding the death knell for world capitalism. Until its actual demise, however, the coexistence and peaceful economic competition of the two systems were considered not only possible but, indeed, desirable from the Communist point of view, in order to strengthen and develop the Soviet state. The transitory and temporary nature of such relations, however, was stressed continually.

The objectives of Soviet economic policy were well defined when, in the midst of revolution, Lenin declared, "Either death or we overtake and surpass the advanced capitalist countries." "We are behind the advanced countries by fifty or one hundred years. We must cover this distance in ten years; we either do this, or we shall be crushed." 1/\* The USSR looked to the protective buffer of monopoly in foreign trade for defense against the economic encroachments of the capitalist world and for the means of rapid socialist construction. The transient, although necessary, expedient of trade with the West was heavily underscored by Lenin in 1922, when he stated:

We must trade with the capitalist states while they remain such ... . From the very beginning we declared that we welcomed Genoa and would attend it; we understood perfectly well, and did not conceal it, that we were going there as merchants because trade with capitalist countries is absolutely essential for us (until they have entirely collapsed) ... . 2/

This "temporary" nature of trade with the West was again emphasized by Stalin in his speech to the 15th Congress of the Communist Party (CPSU) in 1927, when he warned:

We must not forget what Lenin said about ... our work of construction depending upon whether we succeed in postponing war with the capitalist world, which is inevitable, but can be postponed, either until the moment when the proletarian revolution in Europe matures, or until the moment when the colonial revolutions have

\* For serially numbered source references, see the Appendix.

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fully matured, or, lastly, until the moment when the capitalists fight among themselves over the division of the colonies. Therefore, the maintenance of peaceful relations with the capitalist countries is an obligatory task for us. Our relations with the capitalist countries are based on the assumption that the coexistence\* of two opposite systems is possible. 3/

From the time that Stalin assumed control, he directed Soviet policy on foreign trade and was a primary voice of propaganda concerning the Soviet desire for trade with the capitalist world. Time and time again the Soviet leader seized the opportunity to make the Soviet position clear in this respect. In defining the tasks of the Party, Stalin urged the 14th Party Congress in 1925 "... to work in the direction of expanding our trade with the outside world on the basis of the monopoly of foreign trade," 4/ and urged the 15th Party Congress in 1927 "to expand our trade with the outside world on the basis of strengthening the monopoly of foreign trade." 5/ In a speech delivered before the 16th Party Congress in 1930, Stalin declared, "Our policy is a policy of peace and of increasing commercial intercourse with all countries." 6/ Similar positions were maintained at the 17th Party Congress in 1934 and at the 18th Party Congress in 1939:

Our foreign policy is clear. It is a policy of preserving peace and of strengthening commercial relations with all countries. 7/

. . . .

We stand for peace and the strengthening of business relations with all countries. That is our position and we shall adhere to this position as long as these countries maintain like relations with the Soviet Union and as long as they make no attempt to trespass on the interest of our country. 8/

\* In view of the oft-repeated Marxist contention that war between the Communist and the capitalist world is inevitable, coexistence, from the Communist point of view, can imply no more than a temporary modus vivendi in the economic and political relations of the two systems.

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Thus the aim of building a socialist society demanded that the shattered economic life of the country be restored in the shortest possible time, and trade with the capitalist world was deemed one of the primary instruments through which this rapid industrialization was to be accomplished. Trade with the capitalist world, however, was always guided by Stalin's stern admonition voiced at the 14th Party Congress:

We must construct our economy in such a way that our country does not become an appendage of the world capitalist system, that it does not become embodied in the general system of capitalist development, ... that our economy shall develop not as a supernumerary enterprise of capitalism, but as an independent economic entity, relying chiefly on the internal market and on the bond between the industry and the peasant agriculture of the country. 2/

It was clear before World War II that the Kremlin was convinced that the expansion of trade with the capitalist world would serve the best interests of the fledgling Soviet state. With the "ebbing of the revolutionary tide" in Europe during the early 1920's and the "temporary stabilization" of world capitalism, it became imperative for the USSR to strengthen itself in the face of the ever-present danger of armed intervention. "Socialism in one country" became the watchword, and the strengthening of the Soviet state became synonymous with advancing the cause of world revolution. Capitalist help in this drive to reinforce the Soviet economy through exports of vitally needed materials was explained by the Communist theoreticians as sheer necessity to stave off the impending collapse of capitalism. Lenin declared confidently in 1922:

The bourgeois countries must trade with Russia; they know that without some form of economic relations their collapse will proceed further than it has gone up to now. Notwithstanding all their magnificent victories, notwithstanding the endless boasting with which they fill the newspapers and telegrams of the whole world, their economy is falling to pieces.

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The .... interests of all the capitalist states ... call for the development, regulation, and expansion of trade with Russia. Since such interests exist ... this fundamental economic necessity will hew a road for itself. 10/

Stalin declared in 1926:

Not only does our economy depend upon the capitalist countries, but the capitalist countries too depend upon our economy, upon our oil, our grain, our timber and lastly, our boundless market. We receive credits, say, from Standard Oil. We receive credits from German capitalists. But we received them not because of our bright eyes, but because the capitalist countries need our oil, our grain and our market for the disposal of their machinery. It must not be forgotten that our country constitutes one-sixth of the world, that it constitutes a huge market, and the capitalist countries cannot manage without some connection or other with our market. All this means that the capitalist countries depend upon our economy. 11/

Soviet policy on foreign trade, however, was essentially a double-edged sword. Underlying the desire for an expansion of trade with the West was the goal of autarky: the quest for an economically self-reliant Soviet state able to withstand the expected hostile attacks of the crisis-ridden capitalist world, and then strong enough to build a world socialist society.

This seemingly contradictory pattern of Soviet foreign trade -- the desire to increase trade on the one hand and the determined effort to achieve self-sufficiency on the other -- is, however, far from the paradox it first may appear, because trade with the West serves as a primary instrument for the achievement of Soviet self-sufficiency. Trade agreements, concessions, and other foreign

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economic activities are viewed by the USSR merely as temporary expedients. Compromises pave the way for complete autarky, which will be fully realized with the establishment of a complete Communist society. Lenin declared in 1920:

The reestablishment of trade relations will provide us with wide access for the purchase of necessary machines, and we must direct all our energies to realizing this . . . . The sooner we accomplish this, the sooner we shall have economic independence from capitalist countries. But not for a second do we believe in lasting trade relations with the imperialistic powers. 12/

Stalin stated in 1925:

There is another general line which takes as its starting point that we must exert all efforts to make our country an economically self-reliant, independent country based on the home market . . . . That line demands the utmost expansion of our industry, but proportionate to, and in conformity with the resources at our command . . . . That line is imperative as long as capitalist encirclement lasts. 13/

V. Kuybyshev declared in 1932:

We shall extend trade relations. But in extending these relations it must be definitely realized that what the socialist state needs is not relations with the capitalist world in general, not any kind of extension of these relations, but such as will further socialist construction, such as will be effected on the basis of the complete economic independence of the USSR. 14/

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The Commissar of Foreign Trade, A.P. Rosengoltz, stated in 1934:

The execution of the foreign trade program of Lenin and Stalin meant that, by extending our economic contacts with the capitalist world and introducing the latest technical innovations and speeding up our socialist construction by means of considerable imports over a definite period of time, we should prepare for the next stage -- the continuation of socialist construction on the basis of a contraction of imports. 15/

In 1935, A.P. Rosengoltz declared:

The economic relations of the USSR with capitalist states at the present time are a result of the fact that economic independence of the capitalist world is being achieved. This is one of the most significant victories of the general line of our Party, secured under the leadership of the Central Committee under the leadership of Comrade Stalin. 16/

The Commissar of Foreign Trade, A.I. Mikoyan, stated in 1939:

... When we were still backward and poor, we did not yet have our machine industry developed, but industry had to be developed in spite of all odds; we were compelled to export many raw materials and food products which we ourselves needed, but we exported them in order to obtain foreign exchange with which to buy machine tools for industry and equipment for tractor and motor vehicle factories ... .

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Now, with victory of socialism, the country has become so rich that it can retain for itself everything that it needs and export only the surplus. Our country is so strong now in the economic sense that it can satisfy its fundamental needs without imports. We use imports mainly for a more forced development of certain branches than our facilities of today would permit. 17/

A study of world trade, published by the Ministry of Foreign Trade in 1940, voiced approval of the fact that the USSR ranked second among the nations from the point of view of industrial production and nineteenth with respect to foreign trade. This fact, the study concluded, "confirms once more the absence in our country of that dependence upon the foreign market which is experienced by the capitalist nations." 18/

It would be erroneous to conclude that the economic philosophy of Soviet leaders maintains that the eventual attainment of autarky is incompatible with increased trade with the West for the present. On the contrary, the more rapid achievement of economic independence demands the expansion of foreign trade. The advantages of the international division of labor and of the worldwide exchange of goods and services were recognized by Lenin and Stalin insofar as they would contribute to the strengthening of the Soviet state. Stalin frankly admitted Soviet dependence on the capitalist world when he declared in 1926:

No one denies that there exists a dependence of our national economy on world capitalist economy. ... Does this mean that the dependence of our national economy on the capitalist countries precludes the possibility of building a socialist economy in our country? Of course not. To depict a socialist economy as something absolutely self-contained and absolutely independent of the surrounding national economies is to talk nonsense. Can it be asserted that a socialist economy will have absolutely no exports or imports, will not import products it does not itself possess, and will not, in consequence of this, export its own products? No, it cannot. ... Does this mean that since there are no absolutely independent countries,

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the independence of individual national economies is thereby precluded? No, it does not. Our country depends upon other countries just as other countries depend on our national economy; but this does not mean our country has thereby lost, or will lose, its independence, that it cannot uphold its independence, that it is bound to become a cog in international capitalist economy. 19/

A. Mikoyan declared in 1928:

Because of the economic and cultural backwardness of our country and, first of all, because of the weakness of our machine-building industry, the rate of the industrialization of the country within the next five or ten years is bound up to a considerable extent with the growth of our foreign trade and the necessity of importing for the immense industrial construction provided for by our plans. On the other hand, because our national economy suffers from acute maladjustments, including the insufficient base of raw materials for industry, our country, agricultural though it is, will still be compelled for a long time to import substantial quantities even of those raw materials for which the production might have been increased within our climatic conditions sufficiently to cover all the needs of the country ... . 20/

In 1934 a semiofficial Soviet trade publication explained Soviet policy in the following terms:

The USSR participates in foreign trade, but acting on different motives and with different aims; it has to import many things; it requires machines that are not produced in the country; it requires manufactured goods, which either are not produced in the country at all, or are produced in insignificant quantities. As it is necessary to pay for imported goods, the USSR exports a corresponding part of its products, thus covering the payments for the imported articles. ... The USSR is in fact an independent country. But this independence ... does not mean an absence of trade between

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the USSR and other countries. The international trade of the USSR has been carried on during the whole period of its existence and will continue and develop in the future. In the future there will always be changes in the character of imports, but imports will at no stage be unnecessary. In the USSR there is a tremendous growth in the production of its own industries; but to meet all the constantly growing demands, both of industry and of the consumers, there still remains the necessity for imports. 21/

### III. Soviet Policy on Foreign Trade since World War II.

During World War II, there was much optimism that the end of hostilities would inaugurate an extended period of intensive trade between the USSR and the West. It was hoped by the Western allies that, with Soviet security adequately guaranteed, the USSR would concentrate on the immense task of postwar reconstruction and would place less emphasis on self-sufficiency. 22/ With the rapid deterioration of international political relations after the war, however, deep-seated Soviet suspicions of Western intentions were reasserted with increased vigor. In the published version of the Fourth Five Year Plan (1946-50), no mention was made of the volume of foreign trade desired. Voznesenskiy left no doubt of postwar Soviet policy on foreign trade when he declared in his report on the Plan, "The USSR will continue to develop economic relations with foreign countries, at the same time adhering to the tried and tested policy of the Soviet government, which is designed to insure the Soviet Union's technical and economic independence." 23/

With the establishment of a trading bloc in Eastern Europe, a change was evident in the official attitude of the USSR toward foreign trade. The concept of trade as primarily an instrumentality for promoting Soviet industrialization and self-sufficiency was coupled with the use of a monopoly of trade to attain specific objectives of foreign policy. Exploiting foreign trade as a political weapon, the USSR brought heavy pressure to bear on the countries of Eastern Europe, where it strengthened and deepened their "political and social transformation." Foreign trade within the Soviet Bloc became "a means of developing and strengthening friendly ties and close collaboration with a number of countries, and a means of facilitating their development in directions which correspond to the interests

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of these countries and to the interest of the Soviet Union." 24/ Thus Soviet foreign trade became increasingly politically oriented and a powerful weapon in the arsenal of Soviet postwar ambitions in Europe. "As far as this area is concerned," declared Mikoyan in 1949, "the monopoly no longer performs the function of protecting the Soviet economy but becomes a means for the planned linking of the Soviet economy with the economies of the People's Democracies, directed toward mutual cooperation in economic development." 25/

A. Trade "Offensive."

It is impossible to set the exact date on which the USSR decided to launch its campaign for increased East-West trade. By 1951, however, the results of this new phase of Soviet foreign trade policy were already manifest. The USSR was faced with Western restrictions on the export of strategic goods to the Soviet Bloc and with the increasing strain of supplying military and industrial equipment to Communist China. Consequently, the achievement of the Soviet goal of autarky was necessarily postponed. 26/ Pronouncements of policy from leading Soviet officials called for the expansion of trade with the West, increased attendance at international trade fairs, and a more conciliatory attitude at international conferences. These pronouncements were accompanied by a vigorous campaign of propaganda which was highlighted by the international economic conference which met in Moscow in April 1952.

The conference was convened, it was claimed, "on a strictly business basis for a practical exchange of experience and the evolving of concrete recommendations on what can and must be done to further the development of cooperation among countries, irrespective of the differences between their social-economic systems, by means of bringing to light the possibility of expanding commercial and other economic relations and improving the living conditions of people on this basis." 27/ Although the grandiose trade offers made at the Moscow conference were well publicized and were followed by a flurry of superficial activity, little that was concrete resulted from the talks. Far from denoting a departure from the long-term policy of self-sufficiency, the conference was merely an ill-concealed attempt by the USSR to exert pressure on the West to relax restrictions on trade. The guise was a worldwide campaign to enlist popular support for increased trade, allegedly in the interests of world peace and higher standards of living. In the words of one economic observer, "The trade offers advanced at the

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Moscow Conference simply testify to the hardships imposed upon the Soviet Bloc's economic development and preparation for war, not to any fundamental change in their ideas about the proper character and magnitude of trade relations with the capitalist world." 28/

B. The "Two-Market" Concept.

The increased emphasis on trade with the West was tempered by Stalin's thesis of "two parallel world markets," enunciated in his last work, Economic Problems of Socialism in the USSR. In it Stalin declared:

The disintegration of the single, all-embracing world market must be regarded as the most important economic sequel of the Second World War and of its economic consequences.

It should be observed that the United States, and the United Kingdom and France, themselves contributed -- without themselves desiring it, of course -- to the formation and consolidation of the new, parallel world market. They imposed an economic blockade on the USSR, China and the European people's democracies, which did not join the "Marshall Plan" system, thinking thereby to strangle them. The effect, however, was not to strangle but to strengthen the new world market.

But the fundamental thing, of course, is not the economic blockade, but the fact that since the war these countries have joined together economically and established economic cooperation and mutual assistance. ... It may be confidentially said that, with this pace of industrial development, it will soon come to pass that these countries will not only be in no need of imports from capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products. 29/

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Stalin went on to reassert the inevitability of imperialist contradictions and once again called attention to the deepening crisis of world capitalism:

... The sphere of exploitation of the world's resources by the major capitalist countries [US, Britain, France] will not expand, but contract; ... their opportunities for sale in the world market will deteriorate, and ... their industries will be operating more and more below capacity. That ... is what is meant by the deepening of the general crisis of the world capitalist system in connection with the disintegration of the world market. 30/

Stalin's assertion that the world now encompasses two rival camps, one on the verge of economic collapse and the other strengthened by its isolation from the old decaying West, apparently called a temporary halt to Soviet efforts to facilitate East-West trade. A study of radio propaganda revealed that after the circulation of Stalin's statements in Bol'shevik, comment on East-West trade over the Soviet radio dwindled rapidly, and by mid-summer 1952, discussion of the subject had virtually ceased. 31/ The political partition of the post-war world was viewed not only as a reflection of the inevitable course of events but also as a vindication of the basic Soviet policy on foreign trade.

C. Renewed Impetus.

Apparently the USSR did not seriously commit itself to the position implied in Economic Problems of Socialism, and at the 19th Party Congress in 1952 there was further evidence of vigorous Soviet stress on increased commercial relations with the West. After a brief reassertion of the Marxist-Leninist line that "still deeper contradictions have arisen in the capitalist economy" and that "the world system of capitalist economy as a whole has become considerably shrunken and weaker and still more unstable than it had been before the war," Malenkov quickly went on to state that "the Soviet Union has always stood for and now stands for, the development of trade and cooperation with other countries irrespective of differences in social systems. The Party will continue to pursue this policy on the basis of mutual advantage." 32/ Mikoyan, at the same congress,

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echoed his future chief and declared that "The capitalist countries ... who want to develop trade with the Soviet Union on mutually profitable conditions will always meet with support from our side." 33/

After the death of Stalin an even greater impetus was provided to the Soviet propaganda offensive for increased trade with the West, then almost 2 years old. The new regime, wishing to obtain materials, equipment, and some consumer goods and to undermine co-operation and trade controls in the West, offered Western business interests the lure of vast markets in the Soviet Bloc. At the same time, efforts were made to persuade world opinion that only increased East-West trade would promote mutual understanding and relax international tension. At Stalin's funeral in March 1953, Malenkov vowed to continue the work of his two predecessors and declared:

The Soviet Union has pursued and is pursuing a consistent policy of maintenance and strengthening of peace, a policy of struggle against the preparation and unleashing of a new war, a policy of international cooperation and development of business relations with all countries, a policy of proceeding from the Leninist-Stalinist thesis on the possibility of prolonged coexistence and peaceful competition of the two different systems -- the capitalist and the socialist. 34/

At the Plenary Session of the Communist Party's Central Committee on 4 July 1955, Bulganin sharply criticized Soviet industrial leaders for failing to keep abreast of Western technological advances. The Soviet leader singled out for special rebuke the inadequacy of scientific research and the neglect by Soviet scientists of technological achievements abroad:

Great harm is being done to the cause of technical progress in our country by the fact that many heads of ministries and departments, workers in scientific establishments and planning and design bureaus, and executives of enterprises underestimate the achievements of science and technology abroad. The task of learning and utilizing all that is best and most advanced

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in the sphere of technology in other countries has been neglected in the last few years. As a result, some research institutes and design organizations have spent a considerable amount of time and money in research on and creation of what has already been published in the foreign press and is already in use.

Some of our personnel have formed wholly erroneous views on the study of foreign experience. These people believe that the study of foreign experience is of no use to them. Actually, such people only reveal their ignorance by arrogant phrases. 35/

Reluctance toward emulation of the West is apparently not to preclude capitalizing on Western achievements in the physical and social sciences. Scarcely 1 month after Bulganin's address, a lead article in Voprosy istorii, published by the Institute of History of the Academy of Sciences of the USSR, called for "the further strengthening of scientific ties between the historians of all countries." The article declared:

There are many non-Marxist historians in capitalist countries who are doing fruitful work. They are conducting valuable research which Marxist historiography should certainly take into consideration. Soviet scholars are ready to cooperate with these historians in order to develop historical science and to contribute to the progress of science and culture by joint efforts. 36/

The effort to increase Soviet utilization of Western experience was also evident in the field of economics. Izvestiya on 20 August 1955 noted that the Institute of Economics of the Academy of Sciences had been found seriously deficient in its economic research. "Systematic studies of the work of foreign progressive economist-scholars," declared the article, "are not conducted at the Institute; the necessary scientific ties with them are lacking." Accordingly, the article went on to state:

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The Presidium adopted a detailed decree directed at the radical improvement of scientific research work in the field of economics. The Presidium decided to broaden the network of economic scientific institutions in the Academy's system and, in particular, to create an Institute of Economics of Contemporary Capitalism. 37/

#### IV. Conclusions.

The traditional objectives of Soviet policy on foreign trade appear to have been frankly and succinctly summarized by at least two Soviet economic observers when they wrote:

The main goal of Soviet import trade policy is to utilize foreign products and above all, foreign machinery, for the technical and economic independence of the USSR. The import policy of the USSR is so organized that it aids the speediest liberation from the need to import. 38/

The Soviet Union procures the foreign currency required to pay for its imports chiefly from the proceeds from the sale of the goods it exports. Thus the Soviet Union imports in order to expedite socialist construction, and exports in order to pay for its imports; that is the fundamental principle that guides its foreign trade. 39/

Thus the ultimate attainment of economic self-sufficiency, partly achieved by selective foreign trading, has characterized Soviet policy from the beginning. The Soviet leaders, apparently impressed with the significant contribution that trade with the West has made to socialist construction, appear eager to extend that trade. The Soviet quest for economic independence from the West cannot be considered a limitation on East-West trade. Autarky for the USSR represents not a complete absence of trade with the non-Communist world but the ultimate elimination of the reliance upon such trade as an economic necessity. The Soviet quest for strategic self-sufficiency will probably continue to demand a determined effort to secure vitally needed materials, which in the past has often been accomplished at an appalling cost in human and material resources.

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The recent Soviet campaign to expand trade with the West is not, therefore, a startling departure from or reversal of the traditional Soviet policy on foreign trade. On the contrary, the Soviet campaign appears to be one of many tactical shifts, all varying in emphasis and intensity but all designed to gain specific political or economic objectives.

The Sino-Soviet Bloc may be smarting under the pinch of Western export restrictions and wish to import more equipment and raw materials from abroad. They may also be bent on achieving specific political ends from its propaganda for increased East-West trade. The political aspect of this propaganda was summarized in the statement of Khrushchev that "We value trade least for economic reasons and most for political purposes as a means of promoting better relations between our countries." 40/

Thus the increased Soviet emphasis on trade with the West, although unprecedented in its intensity, is little more than a revival of a theme as old as the regime itself. While looking forward to eventual economic isolation and self-sufficiency, the maintenance of economic relations with the capitalist world has long been recognized by Soviet leaders as a necessary expedient.

The Soviet campaign indicates that Soviet foreign trade may be losing some of its prewar "defensive" character and is assuming a new importance as a powerful weapon in the Communist arsenal. Foreign trade has increasingly become an instrument of Soviet foreign policy designed to achieve specific objectives of foreign policy but still "subordinated to the task of increasing ... [Soviet] independence of the capitalist world, of expanding the socialist base for the further industrial development of the [Soviet] Union." 41/

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APPENDIX

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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All sources are evaluated RR 2 unless otherwise indicated.

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